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TO RUEHC/SECSTATE WASHDC 3897  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHHK/AMCONSUL HONG KONG 6244  
RUEHGV/USMISSION GENEVA 0852  
RUEAHL/DEPT OF HOMELAND SECURITY CENTER WASHINGTON DC  
RHMCSUU/DEPT OF ENERGY WASHINGTON DC  
RULSDMK/DEPT OF TRANSPORTATION WASHDC  
RUCPDO/DEPT OF COMMERCE WASHDC

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SUBJECT: GOS LETTER TO DHS REGARDING NEW CARGO SCANNING LEGISLATION

REF: STATE 119837

1. (U) Transportation Minister Raymond Lim recently sent the letter in paragraph 2 to Secretary Chertoff highlighting Singapore's concerns about our new cargo scanning legislation. Per State 119837, we will report other local reactions septel.

2. (SBU) Begin text of letter:

MINISTER FOR TRANSPORT  
REPUBLIC OF SINGAPORE

6 August 2007

The Honorable Secretary Michael Chertoff  
Department of Homeland Security  
The United States of America

LEGISLATION REQUIRING 100% SCANNING FOR CONTAINERS  
BOUND FOR THE UNITED STATES

Dear Mr. Chertoff:

We have noted with concern the requirement for all containers bound for the United States to be pre-scanned at foreign ports from 1 July 2012, which has been included in the legislation that was recently passed in Congress. I am writing to share our serious concerns about the significant negative impact that this 100% container scanning requirement will have on maritime trade efficiency and consumers.

Feasibility study still in progress  
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You would be aware that when Congress passed the SAFE Port Act on 13 October 2006, the Department of Homeland Security (DHS) was tasked to conduct pilots at six foreign ports under the Secure Freight Initiative (SFI) to evaluate the feasibility of 100% scanning for containers bound for the United States. As a major transshipment port and partner of the United States in many key security initiatives, Singapore agreed to participate at the request of DHS to assist in evaluating the feasibility of implementing 100% container scanning in a transshipment hub.

With the SFI pilot study only just beginning, the necessary data to evaluate the feasibility and viability of 100% scanning is still unavailable. The United States and other participating countries therefore do not yet have a good appreciation of the full slate of issues that could arise, although there is already considerable feedback from the ground operators on the negative impact of such a regime on global trade and business. This would be detrimental to all parties concerned, including the United States.

## Higher cost for shippers and consumers

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Already, we can expect 100% scanning of containers bound for the United States to undermine operational efficiencies in ports and for shippers. In the absence of data from the SFI pilot study, we will not be able to assess the full implications of this regime and undertake measures to mitigate its possible disruptions to maritime trade. For example, longer container handling time will result in longer berth time and shipping charges. This will inevitably translate into higher costs for American consumers. In this regard, we note that several American and international business and industrial groups have also raised similar concerns over this issue. Furthermore, the requirement on 100% container scanning could also encourage other ports to adopt similar measures for containers bound for their countries, including those originating from the United States. Such retaliatory measures would have adverse impact on international trade.

## Impact on effective risk assessment

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In addition, implementing a 100% scanning regime without the requisite technology to undertake an intelligent risk analysis of the data collected will in fact undermine efforts to improve security. In such circumstances, the surge of data can actually degrade our risk assessment ability. This would potentially put us in a situation worse off than with the targeted risk-based approach which we employ today.

As the largest container port in the world handling more than 24 million containers annually, Singapore is fully committed to

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ensuring security in the global supply chain. Since the United States is Singapore's 2nd largest trading partner, with total trade amounting to S\$90 billion in 2006, the impact of the legislation on trade between Singapore and the United States is therefore very significant.

Some of the technical concerns associated with a 100% scanning regime are outlined in the attached document. Singapore will appreciate the Administration's consideration of these points, and the subsequent findings of the SFI trial, in assessing the feasibility of implementing 100% container scanning requirements at the Singapore Port.

Yours sincerely,

RAYMOND LIM  
Minister for Transport  
Singapore

Technical Concerns in Implementing 100% Scanning of Containers Bound for the United States:

11. Current Scanning Technology Inadequate. Existing scanning technology does not support the fast and efficient scanning of containers. The portal-based system not only creates chokepoints in port operations but also increases handling and movement times of containers. All these factors will inevitably translate into higher port charges for shippers and cargo owners. Ultimately, consumers will end up bearing this increased cost of movement through the supply chain.

12. Duplication of Programmes. The US already has several security initiatives in operation in many ports around the world, including but not limited to the Container Security Initiative (CSI), Megaport Radiation Detection Initiative (RDI), Proliferation Security Initiative (PSI), and Customs-Trade Partnership Against Terrorism (C-TPAT). These measures provide for a layered approach to security today. To further mandate an additional blanket measure like 100% container scanning will result in duplication of resources for marginal gains.

¶3. Prohibitive Cost of Implementation. To effectively impose 100% scanning in a major port will require a significant number of non-intrusive imaging and radiation detection equipment in order to minimize the impact to operational efficiency. In a port like Singapore with a throughput of more than 24 million containers a year, the number of scanners required would be extremely prohibitive. The shipping industry will also be hurt by such expensive measures.

¶4. Lack of Clarity on Funding. The bill does not address the issue of funding for 100% scanning. The cost of implementing such a programme will be significant and many ports will turn to the US to fund this requirement.

¶5. Total Supply Chain Security Approach. A total supply chain approach to security -- one where all stakeholders in the supply chain play their part to secure the shipment from node to node -- is a more viable option. The Authorised Economic Operators (AEO) programmes advocated by the World Customs Organisation (WCO) and a recognition of each country's secure supply chain procedures will provide a more effective and robust security approach. This, coupled with effective risk-targeting of containers, will serve the world trading community better, both in terms of security and trade.

End text of letter.  
SHIELDS